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RUEHNC/AMEMBASSY NOUAKCHOTT 6348
RUEHNM/AMEMBASSY NIAMEY 1578
RUEHBP/AMEMBASSY BAMAKO 0529
RUEHEG/AMEMBASSY CAIRO 1027
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C O N F I D E N T I A L SECTION 01 OF 02 ALGIERS 000481

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STATE PASS TO USTR PBURKHEAD AND BGRYNIEWICZ

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TAGS: [ETRD](#) [ECON](#) [PGOV](#) [PREL](#) [AG](#)

SUBJECT: PACKAGING AND REPACKAGING ALGERIA'S WTO BID

Classified By: Ambassador Robert Ford; reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: Algeria's chief WTO negotiators said in press interviews surrounding an Algerian Senate-sponsored conference about Algerian WTO membership negotiations that Algeria's WTO bid was in an "advanced state" and that they are preparing for a new round of talks that they expect to occur sometime in June. But they also said "political decisions" were needed to achieve success. An Algerian WTO negotiator told us April 22 that Algeria has sent a new set of documents to the WTO Secretariat in Geneva, and press reports indicate that these documents are probably responses to questions recently posed by the U.S. and the European Union. WTO coordinators at the Ministry of Commerce generally have been cooperative with us, and they expressed an interest in MEPI technical assistance on trade capacity as it relates to WTO. But in the typical Algerian dichotomy between technocrats and decision-makers, the commerce minister himself has been unavailable for months to receive the Ambassador for a WTO demarche, despite efforts through multiple channels to secure a meeting. Meanwhile, Algerian business leaders are of two minds regarding WTO accession, and feel left on the sidelines by their government. END SUMMARY.

STILL WAITING FOR ANSWERS

¶2. (C) In public statements surrounding a two-day seminar on Algeria's WTO accession hosted by the Algerian Senate, several top GOA negotiators insisted that Algeria's bid to join the trade body is on track. They even told the press a new round of talks will be held sometime in June. Said Djellab, chief Algerian agricultural negotiator, told the French-language daily Liberte on April 21, "our negotiations with the WTO are at an advanced state." Cherif Zaaf, Algerian WTO Coordinator and Director General of Trade at the Ministry of Commerce, told the French-language economic paper Le Maghreb on April 22 that the parties engaged in negotiations on Algeria's WTO accession were not far apart. Zaaf was more circumspect in other public comments made later in newspaper and radio interviews, during which he suggested that "political questions" rather than negotiating tactics or economic considerations posed the greatest obstacle to Algeria's WTO accession.

13. (C) Algeria's trade negotiators also publicly stated this week that they are close to providing answers to questions posed by the U.S. and the EU that Zaaf told reporters he received in March and April as follow-up to the January WTO Working Party meetings. At the Senate session on April 21, Algerian negotiators said that Zaaf would issue a new report "within days." Khaled Bouchelaghem, Deputy Director in charge of WTO Relations at the Ministry of Commerce, told us on April 22 that "new documents" had already been sent to the WTO Secretariat. Bouchelaghem spoke to us by phone on the margins of a retreat for Algeria's intergovernmental WTO working group, which convened at a presidential retreat immediately after the seminar sponsored by the Senate.

14. (C) Little new ground was covered publicly by the Algerians this week, forcing papers like Liberte to point to a list of laws passed between 2003 and 2006 as evidence of Algeria's commitment to WTO accession. For his part, Zaaf glossed over market access questions and was quoted in several papers regarding GOA intransigence on the natural gas pricing differential for domestic consumption and export. El Watan quoted him on April 22 as saying, "We mathematically proved that the domestic market price largely covers the cost of production. We gave sufficient statistical proof to the (Algerian) working group. There is no ambiguity."

ALGERIAN BUSINESS: MARGINALIZED IN THE DEBATE

15. (C) Missing from this week's press coverage of Algeria's WTO status was an actual business perspective. Zaaf and his team admitted to us on April 2 that they needed to learn how

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to engage the business community, and recent meetings with business groups affirm that assessment. Samy Boukaila, a window manufacturer and president of the business think tank Club CARE, complained to us on April 21 that Algerian business leaders are treated by the government as mere spectators to the Algerian economy.

16. (C) A meeting on April 19 with representatives of the women business managers association AAME highlighted the ambivalence toward WTO that seems to pervade Algerian society. When asked if WTO accession would be a positive step for Algeria, the six businesswomen nodded vigorously, and AAME President Khedidja Belhadi said it was necessary to bring order to Algerian trading practices and governmental regulations. The women's comments later in the conversation suggested, however, that they favored protectionist policies to jump-start Algerian business. When asked about this seeming inconsistency, Drift Taous, a pharmacist and former FLN MP, admitted, "we know what is right, but we are afraid of what will happen under WTO." She pointed out that Algeria currently exports almost nothing but oil and asked, "What will happen after WTO? We will not have the capacity to participate in world trade."

HOT AND COLD AT THE MINISTRY OF COMMERCE

17. (C) There is nervousness in private among some government officials too. During an April 2 meeting with Zaaf and two of his directors, Mohamed El-Hadi Belarima and Abdelouahab Melili, the Algerians were frank in voicing their concerns that their economy was stalled and that the government could not maintain the level of subsidies currently used to keep consumer prices in check. They were very receptive to an offer for a technical assistance package from the Middle East Partnership Initiative (MEPI) through the International Executive Service Corps (IESC) focused on trade capacity building. Belarima, Director of WTO Relations, listed seven areas on which the Algerians would like to focus, including trade remedies, encouraging and managing competition, and private sector involvement in trade negotiations. (Comment:

We are waiting for a letter from the ministry specifying interest in the program, which is required before we can begin arrangements for an assessment visit by IESC. End Comment.)

COMMENT: HINDSIGHT IS 20/20

18. (C) Even as the commerce ministry chief of staff said publicly this week at the Senate WTO sessions that Algeria's accession to the WTO is a "strategic, free and irreversible choice," chief negotiator Zaaf's acknowledgement that political will is needed for Algeria to join the WTO suggests a growing sense of frustration felt by Algeria's trade negotiators. Blaming no one in particular, Zaaf confided to us that he is tired of the slow, grinding pace of accession talks and feels that the key parties should focus on larger issues that could be negotiated rather than returning to the same discussions on seemingly technical aspects time and again. This sentiment was echoed by Liberte in an April 23 headline on WTO accession that read, "Technical delays or hesitation? Fits and starts with the illusion of advancing".

More than one paper has pointed out this week that Algeria had a chance to join the international trading community in 1994 without concessions, but chose not to for "economic and security reasons." Even Zaaf lamented to reporters that, had Algeria stuck to the GATT agreements, it could have avoided today's "heavy negotiation process." The months delay we have had simply getting a meeting with Commerce Minister Djaaboub himself reminds us that decisions are made at the top in Algeria, and that Algerian internal processes are even slower than those involving public negotiations. Indeed, while we keep pushing for a Djaaboub meeting, many contacts tell us that no one minister is in charge of the WTO dossier, except perhaps President Bouteflika himself when he wants to take the time to study it.

FORD